DEPARTMENT OF TREASURY





ROBERT J. KLEINE, STATE TREASURER

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The Office of State Treasurer is provided for by article V, section 3, of the Michigan Constitution of 1963. The State Treasurer is appointed by the governor, with the advice and consent of the senate, and serves at the pleasure of the governor.

The department was established by the Executive Organization Act of 1965, as a result of merging the operations of six agencies: State Treasurer, Department of Revenue, Municipal Finance Commission, Board of Tax Appeals, State Tax Commission, and Auditor General (except the state audit function). In addition, the Board of Equalization and Board of Escheats were abolished and their functions were absorbed by the new department.

Effective July 1, 1984, the Municipal Finance Commission was abolished, which transferred all powers and duties to the State Treasurer. Effective August 1991, the Michigan Tax Tribunal was transferred to the Department of Commerce (now the Department of Labor and Economic Growth) pursuant to Executive Order No. 1991-18. Effective May 1992, the Michigan Higher Education Facilities Commission and Michigan Higher Education Facilities Authority were transferred from the Department of Education to the Department of Treasury pursuant to Executive Order No. 1992-2. Effective April 8, 1995, the Michigan Higher Education Assistance Authority and Michigan Higher Education Student Loan Authority were transferred from the Department of Education to the Department of Treasury pursuant to Executive Order No. 1995-3. Effective January 1, 2000, all administrative responsibilities related to statewide educational assessments were transferred from the Department of Education to the Department of Treasury pursuant to Executive Order No. 1999-12. Effective December 21, 2003, the administration of the Michigan Educational Assessment Program (MEAP) tests was transferred to the Superintendent of Public Instruction.

The State Treasurer acts as principal advisor to the governor on tax and fiscal policy issues. The State Treasurer is the chairperson of the Michigan Education Trust, the Michigan Higher Education Assistance Authority, the Michigan Higher Education Student Loan Authority, the Michigan Merit Award Board, and the Michigan Municipal Bond Authority. The State Treasurer serves as sole investment fiduciary to the judges, public school employees, state employees, and state police retirement funds. The State Treasurer also serves as treasurer of the retirement systems as well as the Mackinac Bridge Authority. The State Treasurer is also a member of the following boards, commissions, and task forces: Local Emergency Financial Assistance Loan Board, Michigan Broadband Development Authority Board, Michigan Capitol Park Commission, Michigan Early Stage Venture Investment Corporation, Michigan Economic Development Corporation Corporate Board, Michigan Economic Growth Authority, Michigan Forest Finance Authority, Michigan Law Enforcement Officers Memorial Monument Fund Commission, Michigan Public Educational Facilities Authority, Michigan State Hospital Finance Authority, Michigan State Housing Development Authority, Michigan Strategic Fund, Michigan Underground Storage Tank Financial Assurance Authority/Advisory Board, Michigan Judges Retirement Board, Michigan State Employees Retirement Board, Michigan State Police Retirement Board, the Ronald Wilson Reagan Memorial Monument Fund Commission, and the State Administrative Board.

Executive Office

Operational responsibilities of the department are handled by the **Executive Office**, which consists of the State Treasurer, the Chief Deputy Treasurer, Deputy Treasurers for Tax Administration, Local Government Services, Bond Finance, Student Financial Services, and Investments, as well as the Office of Legislative Affairs, and the Public Information Office.

Chief Deputy Treasurer

The **Chief Deputy Treasurer** oversees all operations within the Department of Treasury, including direct supervision of Administrative Services, Financial Services, Program Management, and the Office of Human Resources. In addition, Deputy Treasurers for Bond Finance, Investments, Local Government Services, Student Financial Services, and Taxation report to the Chief Deputy Treasurer.

Office of Internal Audit

The Department of Management and Budget (DMB) Audit Services Bureau (ASB) conducts financial and operational audits and internal control reviews. The bureau's mission is to improve the accountability for public funds, the internal control structure of the departments serviced by Audit Services, and the overall effectiveness of departments' programs/operations.

Treasury's internal audit operation joined DMB's Audit Services Bureau in January 2004. In accordance with a formal Memorandum of Understanding, the Audit Services Bureau provides all internal audit services to the Department of Treasury, as provided for in Michigan Compiled Laws Sections 18.1483 to 18.1487. Under administrative partnership agreements and formal Memorandums of Understanding, the Bureau also provides all Internal Audit services to DMB, the Department of Information Technology (DIT), the Department of Environmental Quality (DEQ), and the Bureau of State Lottery. In this capacity, the Bureau/Internal Auditor oversees the development and implementation of a comprehensive internal audit plan/program for each department it services.

Investments

The State Treasurer is the investment fiduciary and custodian for four state retirement funds with assets of over \$60 billion and 574,353 members, retirees, and beneficiaries. The State Treasurer is also responsible for investing State operating and various other State funds with assets of \$5 billion.

The **Bureau of Investments** performs all investment functions on behalf of the State Treasurer. The bureau is organized by major investment disciplines, as follows: Alternative Investments Division, Short-Term Fixed Income Division, Long-Term Fixed Income Division, Mortgage and Real Estate Division, Quantitative Analysis Division, and Stock Analysis Division. The Trust Accounting Division accounts for and settles the investment transactions and maintains custody of the investments.

Investment of the four retirement funds is overseen by the **Investment Advisory Committee**, which was created by Act 380 of 1965 to review the investments, goals, and objectives of each of the retirement funds, which are under the direction of the State Treasurer who is the sole fiduciary. The committee may, by majority vote, direct the State Treasurer to dispose of any holding it judges may not be suitable for the funds involved and may, by unanimous vote, direct the State Treasurer to make specific investments. The committee meets on a quarterly basis.

The three public members of the five-member committee are appointed by the governor, with the advice and consent of the senate, for three-year terms. Upon expiration of a term, a member may continue to serve until a successor is appointed. The other two members serve by virtue of their positions in state government.

INVESTMENT ADVISORY COMMITTEE

Public Members	Term expires
DAVID G. SOWERBY, Farmington Hills (Chair)	. Dec. 15, 2008
ROBERT E. SWANEY, JR., Grosse Pointe Farms (Vice Chair)	. Dec. 15, 2007
Marina N. Whitman, Ann Arbor	. Dec. 15, 2006

ex officio

KEITH W. COOLEY, Director, Department of Labor and Economic Growth LISA WEBB SHARPE, Director, Department of Management and Budget

Bureau of Tax and Economic Policy

The **Bureau of Tax and Economic Policy** is the end result of a decision to combine the previously existing Office of Revenue and Tax Analysis with the Bureau of Tax Policy. This combined professional staff with legal, policy, and economic expertise under one bureau with the goal of coordinating and leveraging that expertise in new ways.

The **Economic and Revenue Forecasting Division** administers a number of revenue sharing programs, including the Glen Steil Revenue Sharing Act. The division also provides economic and revenue forecasts for updating the State Treasurer, including producing the Administration's forecasts. In conjunction with the State Budget Office, the division produces the detailed revenue estimates appearing in the Governor's Executive budget.

The **Hearings Division** provides informal conferences mandated by the Revenue Act on disputed tax matters, including assessments, credit audits and refund denials. Decisions are signed on behalf of the State Treasurer by the Division Administrator. Decisions and orders issued by the division are subject to further appeal to the Michigan Tax Tribunal or Court of Claims as provided by statute.

The **Policy Communications and Disclosure Division** oversees the disclosure of tax information in accordance with the Revenue Act and agreements with the Internal Revenue Service pertaining to federal tax information. This disclosure oversight activity includes training for all department staff with tax information access, which has recently been enhanced through an award-winning online refresher training program.

The **Tax Analysis Division** provides revenue impact estimates for a variety of purposes, including proposed legislation. The division also publishes reports on various taxes administered by the Department. Another function is to provide estimates for inclusion in the State Budget of the cost of tax exemptions, deductions, and other tax expenditures.

The **Tax Policy Division** helps assure consistent application of existing departmental policies, as well as identifying and developing needed new policies. Policies are usually of a tax-technical nature and relate to other revenue bureaus in the areas of Tax Compliance, Customer Contact and Return Processing. The division also provides support to the Legislative Liaison office by providing bill analyses when needed. It also provides support to the Attorney General staff in substantive tax litigation as it relates to their understanding and presentation of departmental tax policies.

Tax Processing Bureau

The **Tax Processing Bureau** is responsible for developing procedures governing the data entry and processing of all major tax returns for the department including individual income tax; single business tax; and sales, use and withholding tax returns. The Tax Processing Bureau also shares responsibility for administering miscellaneous taxes and develops procedures for adjusting returns, issuing refunds, and assessing tax due. The bureau operates a data entry section, a warehousing section, and a microfilm/imaging unit that supports the returns processing function.

A key objective for the Tax Processing Bureau is to research and develop ways to receive and process tax returns electronically, via the Web, through barcoding or imaging-assisted data capture. The primary goal is to reduce the department's reliance on paper while increasing processing efficiencies and ensuring accuracy of data capture and storage. The Tax Processing Bureau handles approximately eight million tax returns annually. Approximately 60 percent of income tax returns and 30 percent of single business tax returns are now processed electronically.

Tax Compliance Bureau

The collection of state taxes for Michigan's self-assessing system requires compliance programs to identify delinquent and non-filing taxpayers within that system. The **Tax Compliance Bureau** enforces compliance with its Audit and Discovery and Tax Enforcement Divisions. The Tax Compliance Bureau conducts operations throughout the United States, with seven offices located in Michigan and five others outside the state. This program maximizes the collection of delinquent taxes, which serve to diminish the requirement to increase tax rates.

The **Audit Division** ensures a high level of voluntary taxpayer compliance through the selective audit of taxpayer books and records. This division's objective is to detect and resolve instances of underpayment or overpayment of business taxes administered by the department. Historically, more instances of underpayment have been discovered; consequently, this program produces incremental revenue for the state.

The Audit Division concentrates on audits generated by a risk-assessment model that evaluates the likelihood that a taxpayer is not in compliance with Michigan tax statutes. The division may assign the resulting caseloads to Field Audit staff, the Participatory Audit Team (PAT) or the Cash

Basis Audit Team (CBAT). Field Audit staff focuses on more traditional financial auditing techniques. PAT staff, deployed in early 2004, develops collaborative working relationships with small to mid-size taxpayers to bring them into compliance. CBAT staff, also deployed in early 2004, utilizes forensic audit techniques to identify tax liabilities for small businesses who account for their business activities on a cash basis.

The **Discovery and Tax Enforcement Division** administers projects to detect non-filers of taxes, identify underreporting of tax and other noncompliance with the State of Michigan tax statutes. This division also detects and assists in the prosecution of tax fraud cases. Conducting discovery projects, utilizing data-mining and data-matching techniques is an integral part of Michigan's tax enforcement system. Historically, instances of delinquent taxes have been discovered with these techniques; consequently, this program produces incremental revenue for the state.

The **Tax Enforcement Unit** concentrates on civil and criminal investigation and prosecution of tax fraud cases, working in conjunction with the Michigan State Police Major Crimes Unit, the Michigan State Police Tobacco Enforcement Team, the Department of Attorney General, and other law enforcement agencies. The Tax Enforcement Unit also executes jeopardy assessments to demand immediate payment of a tax liability when a person liable for the tax intends to quickly depart from the jurisdiction of the state or to do any other act to prevent the collection of the tax. Jeopardy assessments are utilized primarily to assess and collect from individuals involved in illegal activities such as cigarette smuggling, sales of narcotics, gambling, prostitution, etc.

Customer Service Bureau

The **Customer Service Bureau** works as a central management point for all taxpayer contacts. The bureau is designed to effectively guide, develop, and manage the Income Tax and Business Taxes Contact Centers, Technical Services, and Taxpayer Advocacy.

Michigan taxpayers have access (toll free for income tax) to the department's state-of-the-art **Customer Contact Center**. The majority of telephone contacts are handled within the Interactive Voice Response (IVR) system, which provides automated responses to the most frequent reasons for contact (income tax). Taxpayers receive assistance from customer service representatives (CSRs) who provide answers to questions they might have about current state tax laws, tax issues, or department rules and regulations. The Contact Center has integrated customer relationship management (CRM) software with the department's existing tax database. This automatically displays taxpayer records so the CSR can easily and effectively help the caller. CRM allows for data collection from these contacts and can be used to measure the impact of various processing and enforcement efforts and for improving Web and automated telephone self-help services.

Tax practitioners and legislative staff inquiries are directed to a dedicated group in the Problem Resolution Unit.

The Special Taxes Unit, which deals with Motor Fuel, Motor Carrier, International Fuel Tax Agreement (IFTA), Severance and Tobacco taxes, issues licenses and reviews returns, in addition to providing taxpayer assistance with electronic filing and general inquiries, generating over \$2.5 billion in revenue for fiscal year 2005.

The **Technical Services Division** provides "expert level" services concerning technical issues for most taxes administered, pursuant to the Revenue Act, Public Act 122 of 1941, including single business; income; motor fuel; sales, use and withholding; and tobacco taxes. Division staff responds to complex technical issues via telephone and mail, and provide comments on legislation and litigation.

The division sponsors and provides trainers for the annual Michigan State University and University of Michigan Tax Schools. Staff is also involved in providing speakers for internal employee training and training for new business operators.

The Quality Assurance and Web Services Unit is responsible for ensuring and measuring the quality of customer interactions, and has a major role in developing Web content — key to implementing the strategy of moving customers to self-service options on the department's website and in the IVR.

The Bureau of Program Management

The **Bureau of Program Management** provides comprehensive services for the Department of Treasury through four divisions: Strategic Planning, Project Management, the Budget Division, and the Office of Security.

The **Budget Division** develops, controls, and monitors all phases of the budget and measurement process for the Department of Treasury. This involves preparation of the annual budget request;

serving as liaison with the State Budget Office, legislative fiscal staff, and appropriation committees on budget enactment, monitoring/controlling expenditures; and developing/implementing measurement systems.

The **Office of Security** performs functions to assure information and data security in the development and maintenance of system applications and technological processes operated by or on behalf of the Department of Treasury; compliance with statutes and regulations for security and confidentiality of information in the custody of the State of Michigan; and conformance by bureau, division, and office staff with State of Michigan and departmental security policies, procedures, and practices. The office controls access to the various Treasury computer systems through a process of written and on-line approvals and facilitates annual security reviews to be performed by departmental staff.

Financial Services Bureau

The **Financial Services Bureau** is comprised of three divisions: Finance and Accounting, Receipts Processing, and Collections. The bureau operates as the central processing point for accounting services within Treasury, the centralized point for the collection of delinquent tax and state agency debt, and it is, essentially, the state's bank.

The **Finance and Accounting Division** coordinates and oversees the department's accounting function. This includes the processing of vendor payments, direct vouchers, inter-account bills, travel, interfaces, and inventory and asset control. The division reconciles the state's bank statement activity with the state's accounting system. Additionally, it fulfills Treasury's central control agency relationship with the Michigan Administrative Information Network (MAIN) within the Department of Management and Budget.

The **Receipts Processing Division** serves as the central service agency to all state agencies for the administration of all statewide banking activity, related banking contracts, and statewide cash receipting. This division administers the disbursement and receipting of a majority of state and federal funds, with more than \$15 billion received via Electronic Funds Transfer (EFT).

Principal activities for the division include processing deposits, administering the lockbox contracts with banks, and administering the State Treasurer accounts held at various financial institutions throughout the state. Other principal activities include review and reconciliation of the State Treasurer's primary bank account, managing the state credit card and electronic funds transfer contracts, and working with other state agencies in the administration of state contractual relationships with financial institutions and revenue accounting responsibilities.

The **Collection Division** is the centralized collection agency for all delinquent assessed taxes administered by the department and debts owed to state agencies, including some universities and courts. The division promotes compliance with Michigan tax laws which leads to fair and equitable taxation for citizens. This division also administers the Third Party Withholding program, which is responsible for processing court order garnishments that intercept income tax refunds, vendor payments, state employee's payroll, and other types of payments that are being made by the state of Michigan to their debtor in satisfaction of a court judgment.

Administrative Services Bureau

The **Administrative Services Bureau** provides support services for the entire department for the following functions: Purchasing, Forms, Document Services, Mail Operations, Facility Services, and Unclaimed Property.

The **Purchasing Section** provides the procurement and contracting services for the department. This section is responsible for the annual issuance of approximately 1,200 purchase orders and 30 requests for proposals for major contracts.

The **Forms and Document Services Section** administers the department's centralized forms and documentation programs. The unit develops and implements standards for official department documentation. It also designs, edits, and coordinates printing of departmental forms and publications and administers the department's record management program for storage and destruction of records.

The **Mail Operations and Facility Services Division** opens and sorts the 3.6 million pieces of mail the department receives each year. The Facility Services Unit manages offices modifications, worksite adjustments and telephone functions.

The **Unclaimed Property Division** holds more than 8.3 million accounts totaling more than \$1.1 billion in unclaimed property. The division processes over 40,000 claims and pays out more than \$40 million each year. The Unclaimed Property database is available on the department's website at www.michigan.gov/unclaimedproperty, and can be accessed 24 hours a day.

Bureau of Bond Finance

The **Bureau of Bond Finance** coordinates the issuance of state and authority bonds and notes, including State General Obligation issues, performs related fiscal oversight responsibilities, assists with managing the State's Common Cash Investment Fund, prepares statewide cash flow projections of receipt and disbursement activity, federal Cash Management Improvement Act compliance for drawing federal funds, and administration of the School Bond Loan Program.

Bonding Authorities

The **Michigan Tobacco Settlement Finance Authority** was authorized by the provisions of Act 226 of P.A. 2005. The authority is administered by a board that consists of seven members. The members are the State Treasurer, the director of the Department of Labor and Economic Growth, and five members appointed by the Governor with consent from the Legislature. The authority's purpose is to issue bonds secured by a pledge of a percentage of the State of Michigan's tobacco settlement receipts, which will be used to finance projects under the 21st Century Jobs Trust Fund. On May 17, 2006, the authority issued \$490,500,589 of taxable tobacco settlement asset-backed bonds. The bonds are special revenue obligations of the authority secured solely by and payable solely from the tobacco settlement revenue pledged under the bond indenture. The bonds are not an obligation of the State of Michigan and are not backed by the credit, revenues, or taxing power of the state.

MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY

Members	Term expires
JERRY CAMPBELL, Ann Arbor	Dec. 15, 2008
STEPHEN N. CASSIN, Mt. Clemens	Dec. 15, 2006
Charlotte P. Edwards, Flint	Dec. 15, 2009
Donald H. Gilmer, Augusta	Dec. 15, 2006
JOHN G. RUSSELL, East Lansing	Dec. 15, 2007
ROBERT J. KLEINE, State Treasurer (C.	hair)

KEITH W. COOLEY, Department of Labor and Growth

The Michigan Higher Education Assistance Authority was created by Act 77 of 1960 and was transferred to the State Board of Education by Act 380 of 1965 to assist in establishing policy for the many financial assistance programs offered by the Department of Education. It establishes policy for the Federal Family Education Loan Program, the Michigan Competitive Scholarship, Michigan Tuition Grant, Michigan Work-Study, Michigan Educational Opportunity Grant, Adult Part-time Grant, and the Michigan Nursing Scholarship. In addition, the authority has administrative responsibility for the Tuition Incentive Program, and the federal Robert C. Byrd Honors Scholarship. The 15 members of the authority are appointed by the governor, with the advice and consent of the senate, to serve four-year terms.

MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY

Private Occupational Schools	Term expires	
JONATHAN D. LIEBMAN, Southfield.	. May 22, 2009	
Wayne State University		
Harvey Hollins III, Belleville	. May 22, 2009	
Community Colleges		
Harvey Bronstein, Southfield	. May 22, 2007	
Dr. Dick Shaink, Flint	. May 22, 2009	
University of Michigan		
Cynthia H. Wilbanks, Ypsilanti	. May 22, 2006	

MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY (Cont.)

State-Supported Four-Year Universities	Term expires	
Dr. E. John Shinsky, DeWitt	. May 22, 2007	
KATHLEEN M. WILBUR, Okemos	. May 22, 2006	
Secondary Schools		
Dr. Craig Douglas, Saginaw	. May 22, 2007	
Private Colleges		
PHYLLIS HOOYMAN, Holland	. May 22, 2007	
GINA M. TORIELLI, West Bloomfield	. May 22, 2008	
Eligible Lending Institutions		
James E. Barker IV, Rochester Hills	. May 22, 2008	
Michigan State University		
COLLEEN M. McNamara, Okemos	. May 22, 2008	
General Public		
JACK D. MINORE, Flint	. May 22, 2008	
NATHANIEL SMITH-TYGE, Allen Park	. May 22, 2009	
Stephen H. Terry, Williamston		
ex officio		

ROBERT J. KLEINE, State Treasurer (Chair)

The Michigan Higher Education Student Loan Authority was established by Act 222 of 1975 to ensure Michigan access to financial assistance to pursue a postsecondary education at the school of their choice. The Student Loan Authority provides loans to students and parents of students and it also purchases student and parent loans from other lenders. Even though the Student Loan Authority membership is identical to the Assistance Authority membership, the two authorities are separate entities with different responsibilities and functions. The Student Loan Authority has policy control over three programs: the Michigan Direct Student Loan Program, the State Secondary Market, and the Michigan Alternative Student Loan Program (MI-LOAN). Operations for all three programs are primarily funded through the issuance of tax-exempt and taxable bond financings. Administrative functions are funded through the Federal Lenders Allowance authorized by the Federal Higher Education Act of 1965, as amended. These three programs are self-supporting and receive no state appropriations.

Effective April 8, 1995, both the Michigan Higher Education Assistance Authority and the Michigan Higher Education Student Loan Authority were transferred from the Michigan Department of Education to the Michigan Department of Treasury, pursuant to Executive Order No. 1995-3.

The **Michigan Higher Education Facilities Commission** was established by Act 233 of 1964. The commission provides advice on the preparation and administration of the state plan for participation in the federal grant program, under the provision of Title I of the Higher Education Facilities Act of 1963, Public Law 88-204, for the construction of undergraduate academic facilities at public community colleges, public technical institutions, and other private and public degree-granting institutions. Currently the federal government is not funding the program.

The **Michigan Higher Education Facilities Authority** was created by Act 295 of 1969 to provide loans, through the issuance of tax-exempt bonds, to private nonprofit institutions of higher education within the state to finance educational facilities, including furnishings and equipment, and to refinance outstanding debt incurred for such purposes. The authority membership is identical to the Facilities Commission membership. The Facilities Authority was transferred from the Department of Education to the Department of Treasury in 1992 pursuant to Executive Order No. 1992-2.

The nine members of the commission and authority are appointed by the governor, with the advice and consent of the senate, for four-year terms. Upon expiration of a term, a member may continue to serve until a successor is appointed.

MICHIGAN HIGHER EDUCATION FACILITIES COMMISSION MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY

Public At-Large	Term expires	
WILLIAM J. COCHRAN, East Lansing (Vice Chair)	. May 22, 2006	
HAROLD GARDNER, Bingham Farms	. May 22, 2008	
Patrick W. LaPine, Farmington	. May 22, 2010	
Daniel J. Limer, Royal Oak	. May 22, 2008	
Any D. Seetoo, Ann Arbor	. May 22, 2010	
James W. Woolfolk, Saginaw (Chair)	. May 22, 2007	
Public Community and Junior Colleges		
Larry L. Whitworth, Ann Arbor	. May 22, 2010	
Private Colleges and Universities		
Dr. Glenda Price, Detroit	. May 22, 2007	
Public Colleges and Universities		
James N. Goenner, Mt. Pleasant	. May 22, 2008	
ex officio		

MICHAEL P. FLANAGAN, Superintendent of Public Instruction LISA WEBB SHARPE, Director, Department of Management and Budget

The **Michigan Municipal Bond Authority** was created by Act 227 of 1985 as amended, to provide an alternative source of financing infrastructure projects and low-cost access to the public finance market to local units of government and school districts. The authority has all the powers necessary to accomplish this purpose, including the power to borrow money and issue bonds and notes.

The authority is governed by a seven-member board of trustees. The board consists of the State Treasurer and two public officials or employees, appointed by and serving at the pleasure of the governor, who have expertise in the state's infrastructure needs. Of the four resident members appointed by the governor to serve three-year terms, one is nominated by the senate majority leader and one is nominated by the speaker of the house of representatives.

MICHIGAN MUNICIPAL BOND AUTHORITY BOARD OF TRUSTEES

ROBERT J. KLEINE, State Treasurer (Chair)

Serve at the Pleasure of the Governor Public Officials or Employees With Expertise in State's Infrastructure Needs

Susan S. Kaltenbach, Saginaw Elaine M. Madigan, Lansing, Department of Education

Public Officials Nominated by the	
Senate Majority Leader	Term expires
Donald H. Gilmer, Augusta	Jan. 1, 2009
Public Members	
NANCY L. QUARLES, Bloomfield Hills	Jan. 1, 2007
VACANCY	
Nominated by the Speaker of the	
House of Representatives	
RICHARD LEBARON, Reed City	Jan. 1, 2005

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The Michigan Public Educational Facilities Authority (MPEFA) was created to take advantage of federal tax law and funding opportunities for public educational facilities, as defined by the Economic Growth and Tax Relief Reconciliation Act of 2001.

MPEFA is a public body corporate, located in the Department of Treasury, funded by user fees and dedicated to providing opportunities for low-cost financing and technical assistance for qualified public educational facilities and public school academies through its bonding and loan programs. It is governed by a five-member board of trustees, appointed by the governor with the advice and consent of the senate.

MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY

Public Members	Term expires
Mark J. Burzych, Okemos	. March 18, 2006
TIMOTHY A. HOFFMAN, DeWitt	. March 18, 2006
DAVID S. MITTLEMAN, Lansing	. March 18, 2009
VACANCY	

ROBERT J. KLEINE, State Treasurer

The **Michigan State Hospital Finance Authority** was created by Act 38 of 1969 to assist nonprofit, nonpublic hospitals and other health care providers within the state to finance and refinance health care and other related facilities and equipment through the issuance of tax-exempt bonds. The authority has all the powers necessary to accomplish this purpose, including the power to make loans to hospitals, nursing homes, and homes for the aged.

The five public members of the authority are appointed by the governor, with the advice and consent of the senate, for four-year terms. Upon expiration of a term, a member may continue to serve until a successor is appointed. The other two members serve by virtue of their positions in state government.

MICHIGAN STATE HOSPITAL FINANCE AUTHORITY

Public Members	Term expires
LINDA E. BLOCH, Birmingham	March 1, 2009
DOROTHY E. DEREMO, Northville	March 1, 2006
ASAD M. MALIK, Bloomfield	March 1, 2009
Susan Martin, Royal Oak (Chair)	March 1, 2007
Lois Shulman, West Bloomfield	March 1, 2006

ex officio

ROBERT J. KLEINE, State Treasurer Janet Olszewski, Director, Department of Community Health

Student Financial Services Bureau

The **Student Financial Services Bureau** has a long-standing commitment to serve Michigan citizens by providing equality of access and freedom of choice to students seeking a post-secondary education. Through the administration of a wide variety of student financial assistance programs, students are aided in the pursuit of their educational goals, thereby enhancing the employability prospects for Michigan residents.

The **Office of Scholarships and Grants** promotes access and choice to Michigan residents to post secondary educational opportunities through the administration of nine state and three federally funded scholarship and grant programs. These programs include the Michigan Competitive Scholarship (MCS), the Michigan Tuition Grant (MTG), the Michigan Merit Award, the Tuition Incentive Program (TIP), the Adult Part-Time Grant (APTG), the Michigan Educational Opportunity Grant (MEOG), the Michigan Work-Study Undergraduate and Graduate Programs (MWSU/G), the Michigan Nursing Scholarship (MNS), the Robert C. Byrd Honors Scholarship (BYRD), the Leveraging Edu-

cational Partnership (LEAP), and the GEAR UP Michigan! Scholarship programs. Annual distribution of funds for these programs exceeds \$240 million awarded to students at nearly 900 colleges, universities, and other approved postsecondary institutions worldwide.

The **Office of the Michigan Guaranty Agency** administers the Federal Family Education Loan Program which includes the Subsidized Federal Stafford Loan Program, the Unsubsidized Federal Stafford Loan Program, the Federal PLUS Loan Program, the Federal Consolidation Loan Program, and the Federal Supplemental Loan for Students Loan Program. Since its inception, MGA has guaranteed more than \$9.2 billion in student loans. MGA's services include training and technical support services to schools and lenders, borrower information programs, and customer assistance starting from loan application through the repayment process. As of September 30, 2004, the Michigan Guaranty Agency guaranteed more than 225,573 loans, totaling in excess of \$862 million.

The **Michigan Education Trust (MET)** was created by Act 316 of 1986 to provide a method for families to pre-pay a student's future Michigan college tuition costs. The trust offers contracts to purchasers, collects and invests the funds, and pays out tuition to colleges and universities when enrollees attend college.

The trust is governed by a board of directors, composed of the State Treasurer and eight members appointed by the governor, with the advice and consent of the senate. Of the eight members appointed by the governor, two serve at the pleasure of the governor, and the other six members serve three-year terms. Upon expiration of a term, a member may continue to serve until a successor is appointed.

MICHIGAN EDUCATION TRUST BOARD OF DIRECTORS

Serve at the Pleasure of the Governor

ROBERT J. KLEINE, State Treasurer (Chair) ROBERT A. BOWMAN, Harbor Springs (President) THOMAS P. SULLIVAN, Ann Arbor (Vice President)

Four-Year Public Colleges and Universities

Term expires

DR. MICHAEL RAO, Central Michigan University........... Dec. 31, 2006

Community and Junior Colleges

VACANCY

General Public

Nominated by Senate Majority Leader

VACANCY

Nominated by Speaker of the House of Representatives

VACANCY

The **Michigan Education Savings Program (MESP)** was created by Act 161 of 2000 to provide families with a flexible way to save for future education expenses through a choice of investment options and is also administered by the State Treasurer. The MET Board of Directors serves as an advisory board for MESP.

Act 94 of 1999 (the Michigan Merit Award Scholarship Act) established the **Michigan Merit Award**, a program that rewards academic achievement on Michigan Educational Assessment Program (MEAP) statewide assessment tests and makes postsecondary education more affordable. Beginning with the high school graduating class of 2000, students who met certain criteria were eligible for a Michigan Merit Award of \$2,500 to be used at any approved post-secondary educational institution. Beginning with the class of 2005, an additional award of up to \$500 was possible. Some 51,000 graduates of the class of 2002 qualified for the \$2,500 award. The award is available to all Michigan students (including public school, public school academy, nonpublic school, and home school students) who meet all eligibility requirements.

The program is guided by the **Michigan Merit Award Board**, which is responsible for developing rules and processes by which the program is administered.

Funding is provided by a portion of Michigan's share of the revenue from the November 1998 multi-state settlement agreement with tobacco manufacturers.

MICHIGAN MERIT AWARD BOARD (INACTIVE)

Positions Designated by Statute

ROBERT J. KLEINE, State Treasurer (Chair)
ROBERT W. SWANSON, Department of Labor and Economic Growth
MICHAEL P. FLANAGAN, Superintendent of Public Instruction

Public Members	Term expires
Penelope Bailer, Detroit	Sept. 30, 2007
Carolyn A. Hart, Rockford	Sept. 30, 2007
HAROLD J. VOORHEES, Wyoming	Sept. 30, 2005
Pastor Marvin L. Winans, Detroit	Sept. 30, 2005

Michigan Promise

Beginning with the Class of 2007, the Michigan Merit Award becomes the **Michigan Promise** scholarship. The Michigan Promise provides up to \$4,000 to high school graduates for successfully completing two years of postsecondary education.

To qualify for a Michigan Promise scholarship, a student must take the Michigan Merit Exam, the state assessment test. Scholarship installment payments are determined by test results. Students receiving qualifying scores on the MEAP or Michigan Merit Exam, depending on their high school graduating class year, may receive up to a \$1,000 payment for each of their first two years of college enrollment. Students can also receive up to \$2,000 after the successful completion of two years of postsecondary education (associate's degree, two-year certificate, vocational education program or 50 percent of the academic requirements for a bachelor's degree) with at least a 2.5 grade point average. Students who do not receive qualifying scores on the state assessment test will still receive up to \$4,000 after the successful completion of two years of postsecondary education with at least a 2.5 GPA.

Bureau of Local Government Services

The **Bureau of Local Government Services** is responsible for the administration and enforcement of state laws, which implement provisions of the Michigan Constitution requiring taxation of real and tangible personal property; a uniform system of accounting and auditing for units of local government; and the preservation of the credit of the state.

The **Assessment and Certification Division** provides staff services for the State Assessors Board and the State Tax Commission. The State Assessors Board provides training, examinations, certification, and annual updating for assessing personnel. It also receives and acts on revocation petitions filed against certified assessment administrators. There are approximately 2,800 persons who hold certificates in assessment administration, serving 83 counties, 1,242 townships, and 274 cities. The State Tax Commission generally supervises local assessing officers and provides support in the determination of the state equalized valuations for each class of property for each county. There are more than 1,500 assessing units in 83 counties, which generated through property tax levies, \$10.9 billion for use by schools, municipalities, and counties in 2005. The division assessed 7,145 properties owned by the Department of Natural Resources in 2004. The division also assesses public utilities, as specified in law; these assessments yielded approximately \$83 million to the state treasury in 2006.

The **State Assessors Board**, which was created by Act 203 of 1969, consists of five members appointed by the governor, with the advice and consent of the senate. The members serve at the pleasure of the governor.

The responsibilities of the board are to review and approve assessment courses taught in schools, colleges, universities, and state and local government units, and to administer examinations to assessing officers to ensure competence.

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STATE ASSESSORS BOARD

Serve at the Pleasure of the Governor

HENRY O. ALLEN, Flint LISA A. HOBART, Birmingham MAXINE MCCLELLAND, Big Rapids FREDERICK MORGAN, Detroit RAMAN A. PATEL, Ann Arbor

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The **Local Audit and Finance Division** issues guidance and monitors statutory compliance of local units of government. Staff members perform financial audits, single audits, legal compliance audits, or internal control reviews of local units of government when requested or at the discretion of the department. The division also reviews approximately 2,200 audits, conducted by outside sources, of counties, townships, cities, and villages; monitors and approves deficit elimination plans of all local units; monitors the performance of pari-mutuel audits; and publishes audit and accounting guides to assist local units or certified public accountants. Through the review of qualifying statements and prior approval applications, the division approves or denies the issuance of debt by units of local government. The division audits all tax increment financing plans as well as industrial facilities tax and reconciles tax receipts against the state's accounting system.

The **Property Services Division** administers the state's tax reversion process and conducts the foreclosure process for 13 counties that have opted out of handling the process under Act 123 of 1999. The division also receives, reviews, and prepares, for State Tax Commission approval, applications for the Industrial Facilities Tax, Air and Water Pollution Control, Neighborhood Enterprise Zone, Obsolete Property Rehabilitation, and New Personal Property tax exemptions programs.

The **State Tax Commission** was created by Act 360 of 1927. The three members of the commission are appointed by the governor, with the advice and consent of the senate, for six-year terms. Upon expiration of a term, a member may continue to serve until a successor is appointed. Commission members must have at least five years of experience in government or the private sector dealing with state or local tax matters. The commission establishes the state equalized value for each class of property for each county total; prepares assessment rolls for state assessed public utilities; approves applications for exemptions for air and water pollution control facilities and neighborhood enterprise zones and for industrial property abatements; adds omitted property to local assessment rolls and corrects erroneous personal property statements under MCL 211.154; arbitrates petition for change of classification; certifies valuation and assessment of lands purchased by the Department of Natural Resources; assumes superintending control over uncertified local assessment rolls; and provides general supervision of all assessing officers. It also supervises the local implementation of the assessment cap instituted by passage of Proposal A on March 15, 1994.

STATE TAX COMMISSION

	Term expires
Frederick Morgan, Detroit	Sept. 13, 2012
ROBERT H. NAFTALY, West Bloomfield (Chair)	Sept. 13, 2009
DOUGLAS B. ROBERTS, East Lansing	Sept. 13, 2007

Bureau of State Lottery

The **Bureau of State Lottery** was created by Act 239 of 1972 and was transferred from the Department of Management and Budget as an autonomous entity to the Department of Treasury pursuant to Executive Order No. 1991-2.

The lottery commissioner is appointed by and holds office at the pleasure of the governor. The commissioner initiates, establishes, and operates a state lottery, maximizing net revenues consistent with the general welfare of the people. Revenue from the operation of the state lottery, less operating costs, goes to the State School Aid Fund.

Act 382 of 1972 assigned the responsibility for licensing and regulation of organizations operating bingo games, millionaire parties, raffles, and selling charity game tickets, in accordance with the law, to the Bureau of State Lottery.

Michigan Gaming Control Board

On November 5, 1996, Michigan voters approved Proposal E, now known as the Michigan Gaming Control and Revenue Act, to authorize up to three licensed casinos in Detroit and create the **Michigan Gaming Control Board**. The board is responsible for implementing, administering, and enforcing the provisions of the act related to licensing, regulating, and collecting taxes and fees from the authorized casinos.

MICHIGAN GAMING CONTROL BOARD

Public Members	Term expires
Benjamin J. Friedman	. Dec. 31, 2007
Damian S. Kassab (Chair)	. Dec. 31, 2008
Donald L. Robinson	. Dec. 31, 2008
Barbara J. Rom	. Dec. 31, 2007